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USSR PETROLEUM MINISTER CRITICIZES LAGGING  
AZERBAIDZHAN OIL INDUSTRY

[Numbers in parentheses refer to appended sources.]

Speaking before a conference of the leading workers of the Azerbaydzhan oil industry, N. K. Baybakov, Minister of Petroleum Industry USSR, reported on the problem facing the industry. (1)

The minister sharply criticized the former Azneft' Association for its performance. (2) He reported that during the past few years the central government had invested enormous funds in an effort to expand the industry. The refineries and other branches of the industry were equipped with new, highly productive equipment. The industry was also augmented with more engineers, technicians, and otherwise qualified personnel. However, the net results of these capital investments have been insignificant.

Despite its enormous potential for increased production, the industry has been lagging. (1) It failed to fulfill its quotas for the first half of 1954 for production, refining, drilling, and construction. (2)

Baybakov accused Bagirov, former Secretary of the Azerbaydzhan Communist Party, of greatly hampering the expansion of the industry. He reported that Bagirov had failed to mobilize the oil workers to utilize more effectively the enormous funds appropriated by the government and to eliminate the shortcomings in operations. Instead, he charged, Bagirov oriented the republic's oil industry officials and Communist Party organization to obtain additional funds, materials, and technical resources from the government, without taking into consideration the economic expediency of these investments.

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This type of anti-state planning for greater output, without considering the geological and technical potential, resulted in more developmental drilling at low-yielding areas, considerably increased capital investments into the industry, and caused production costs to rise.

Baybakov criticized officials of the former Azneft' and Azneft'erazvedka associations for their failure to counteract Bagirov's actions. He also took to task officials of the Geological Administration and Glavzaradnedobycha (Main Administration for Petroleum Production in the Western Regions) of the Ministry of Petroleum Industry USSR for the lag of the republic's oil industry. (1) At the same time, he admitted that his ministry had failed to take adequate measures to prevent the lag. He reported that the decision to establish an oil ministry in the Azerbaydzhan SSR was due to the anxiety of the party and government regarding the industry (1), and to their intent to expand it. (2)

Prospecting work has been carried on improperly. Although the volume of this work has risen sharply during the past few years, productivity, except in the offshore areas, has declined. In the attempt to get quick results and to maintain the attained level of production, new oil areas were put into use year after year without any advance preparations, such as completing the geological and prospecting work or establishing a drilling base.

The high cost, but insignificant results, of geological and prospecting work in Azerbaydzhan has been due to the fact that the former Azneft' Association's geological service not only allowed the work to be scattered over a large number of sites, but also planned the work without critically evaluating earlier results. Drilling was done at sites which were improperly equipped and located where drilling conditions were difficult. This not only gave trouble, but even led to the eventual abandonment of a large number of wells. Frequently, wells drilled with great difficulty, and at a cost of hundreds of millions of rubles, were not tested after they had been finished. The number of such wells had been increasing each year.

Besides blaming the geological service, Baybakov took to task officials of the republic's oil industry and of Glavzapadnedobycha for their failure to take appropriate action regarding these shortcomings and high costs of prospecting work.

Baybakov told the conference that his ministry examined the plans for prospect drilling in Azerbaydzhan during 1954 and decided not to start the drilling of a large number of wells because of the difficult geological drilling conditions and the small expected results. (1)

[The New York Times of 4 January 1955 reported that major oil discoveries and rapid recent production increases in the Bashkir ASSR promise to make the region the largest source of Soviet petroleum production in 1955, outstripping even Baku. This source reported that the Soviet goal now in the Baku areas is only to keep output constant.]

Over 3,000 wells are now idle in Azerbaydzhan. Although a majority of them could be restored to production, officials of the former Azneft' Association and of some trusts have been lax in this respect, and the plan for well restoration has been lagging.

The growth of prospect drilling in remote and scattered areas, which has produced very little results; the developmental drilling of low-yielding wells; and the acquisition and accumulation of unnecessary equipment all have led to a sharp rise in production costs in the industry.

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In addition to opening and mastering new deposits, more oil must be produced from existing wells. To utilize these wells more effectively, greater emphasis must be placed on secondary recovery methods. Baybakov criticized the Azerbaydzhan oil industry for its failure to make more use of pressure maintenance and secondary recovery methods. Well shooting, an effective means for increasing the yield of a well, has not been employed in Azerbaydzhan. The changeover from compressor to deep-well pumping has been slow. Underground repairs have been poor, both in method and technology.

Baybakov also criticized the republic's refineries, petroleum machine building plants, and the oil industry's building organizations for their poor operations.

Not only do the refineries poorly prepare the crude for refining, but they are inefficiently using [perhaps wasting] the crude oil and gas during the refining process. The measures contemplated to increase the output of lubricants are being put into effect very slowly. The expansion of lubricant producing facilities is behind schedule. Furthermore, little attention is paid to the quality of products.

Although their capacity has been expanded, the Azerbaydzhan petroleum machine building plants have failed during the past few years to make any great increases in gross output. The production costs of goods produced by the Azerbaydzhan plants are considerably higher for similar goods than those of other plants of the Ministry of Petroleum Industry USSR. Moreover, the plants have fallen behind in mastering and organizing the production of new machinery and tools.

The building organizations have constantly been failing to fulfill their plans, especially for housing and cultural and service construction.

There is a great shortage of qualified specialists in the industry. Most of the engineering and technician posts are filled by practical men without any formal education. The percentage of specialists who have completed any technical training is low, especially among production and drilling foremen.

Serious shortcomings also exist in the selection and training of oil workers. Personnel have frequently been selected on the basis of family and friendship ties rather than work ability and political recognition. Supervisory personnel as a consequence of failure have frequently been transferred from job to job. From 1947 to 1953, a total of 207 field managers, about 30 out of 78 each year, were replaced in the former Azneft' Association. Nearly half the drilling office directors and chief engineers were changed each year.

[The Ordzhonikidzenef' Trust had four managers in 3 years, Petrosov was manager in 1951 (Bakinskiy Rabochiy, 17 May 1951). He was followed by A. Amirov as acting manager (Bakinskiy Rabochiy, 20 May 1953). He in turn was followed by E. Karakhanov, who was acting manager in July 1953 (Bakinskiy Rabochiy, 4 July 1953). Karakhanov was followed by Suleymanov, who was manager in August 1954 (Bakinskiy Rabochiy, 5 August 1954). Amirov was chief engineer in May 1954 (Bakinskiy Rabochiy, 8 May 1954).]

Baybakov admitted that his ministry was partly responsible for these administrative shortcomings in the Azerbaydzhan oil industry but said that the ministry was taking measures to correct them.

He emphasized that the Azerbaydzhan oil industry will have to make greater use of pressure maintenance and secondary recovery methods in order to prevent production from declining in the developed horizons. Water pressuring must be introduced on a much wider scale. Not only must the technology of well shooting be developed much more, but the method also will have to be used more extensively so that contour flooding of the nonporous strata can be mastered.

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Furthermore, capital well repair periods will have to be reduced to a minimum and the time speeded for restoring idle wells. Improvements will have to be made in drilling work so that unproductive time can be reduced to a minimum. In this respect, the minister stressed the fact that emphasis should be placed in the next 2 years on drilling more wells by the forced and turbo drilling methods. He stated that the maximum possible number of drilling rigs will have to be converted to the forced method of drilling and that the turbine method should be used in 65 percent of all drilling work.

Suleymanov, manager of the Ordhonikidzeneft' Trust, stressed that more emphasis should be placed on re boring shutdown wells [zareзка vtorogo stvola]. He stated that re boring will provide the same result as drilling a new well in an old area. But this idea has not been adopted very widely in Azerbaydzhan. He also criticized the machine building plants for the poor deep-well pumps and rods which they have been producing.

Lemberanskiy, chief of the Azneftezavody Association, complained that the depth at which light end products are separated during refining is not deep enough. Petroleum and petroleum product losses have been high at the refineries; moreover, some types of crude and its components have been used poorly. The refineries have not been fulfilling their quotas for variety of products but, in this respect, he blamed the Ministry of Petroleum Industry USSR for its frequent failure properly to plan the program of the Baku refineries.

Mamedli, director of the Baku Plant imeni Lieutenant Shmidt, blamed his plant's shortcomings on the poor planning and organization of material and technical supply by Glavneftemash (Main Administration for Petroleum Machine Building Plants) of the Ministry of Petroleum Industry USSR. He charged that in the first 6 months of 1954, the main administration changed his plant's production schedule 12 times, thereby causing unfinished goods to pile up at the plant. (1)

## SOURCES

1. Baku, Bakinskiy Rabochiy, 4 Aug 54
2. Moscow, Izvestiya, 5 Aug 54

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